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Nazare Gold Project Update

- **Assays returned from initial 33 hole program at Nazare Gold Project within the prolific Laverton Tectonic Zone**
- **Drilling targeting soil anomaly identified by new CSIRO-developed geochemical sampling technique UltraFine+**
- **Aircore program successfully intersected subtle gold anomalism coincident with the soil anomaly but did not intersect material gold mineralisation within the basement**
- **UltraFine+ to now be applied to a series of structural targets within 400km^2 of recently granted tenure at Nazare**

The directors of Encounter Resources Ltd ("Encounter" or "the Company") advise of the completion and receipt of assay results from an initial 33 hole aircore drilling program at the Nazare Gold Project (100% ENR) in the Laverton Tectonic Zone. The project is located ~150km east-north-east of Kalgoorlie.

Nazare was selected for an initial trial of an innovative new CSIRO-developed geochemical sampling technique, UltraFine+. This new geochemical sampling technique separates and analyses the -2 micron fraction of a surface soil sample and is being trialled in areas of thin cover where traditional soil geochemistry is largely ineffective.

Two 400m spaced lines of aircore drilling were completed to test a discrete ~1km long gold anomaly generated through the Ultrafine+ geochemical sampling technique (see Figure 3).

The aircore drill program intersected subtle gold anomalism within the overlying cover sediments that was broadly coincident with the location of the Ultrafine+ geochemical anomaly, however the drilling did not intersect material gold anomalism within the basement.

The results of this trial and implications for the application of this technology in the region are being evaluated.

Over 400km^2 of tenure to the south of the aircore drilling program was recently granted. The UltraFine+ technique will be trialed further at a series of structural targets within the recently granted tenure at Nazare that have been identified through the re-interpretation of airborne magnetics (see Figure 2).

The Laverton Tectonic Zone is one of Australia's most productive and prospective gold regions that hosts major gold mines at Laverton (>2Moz), Granny Smith (>2Moz), Wallaby (>8Moz) and Sunrise Dam (>10Moz). Southern extensions of this corridor under shallow cover have been a focus of Encounter's targeting and project generation activities. The Nazare Gold Project now covers an area of more than 1,000km^2 that is predominantly undercover and has seen little to no previous exploration activity.

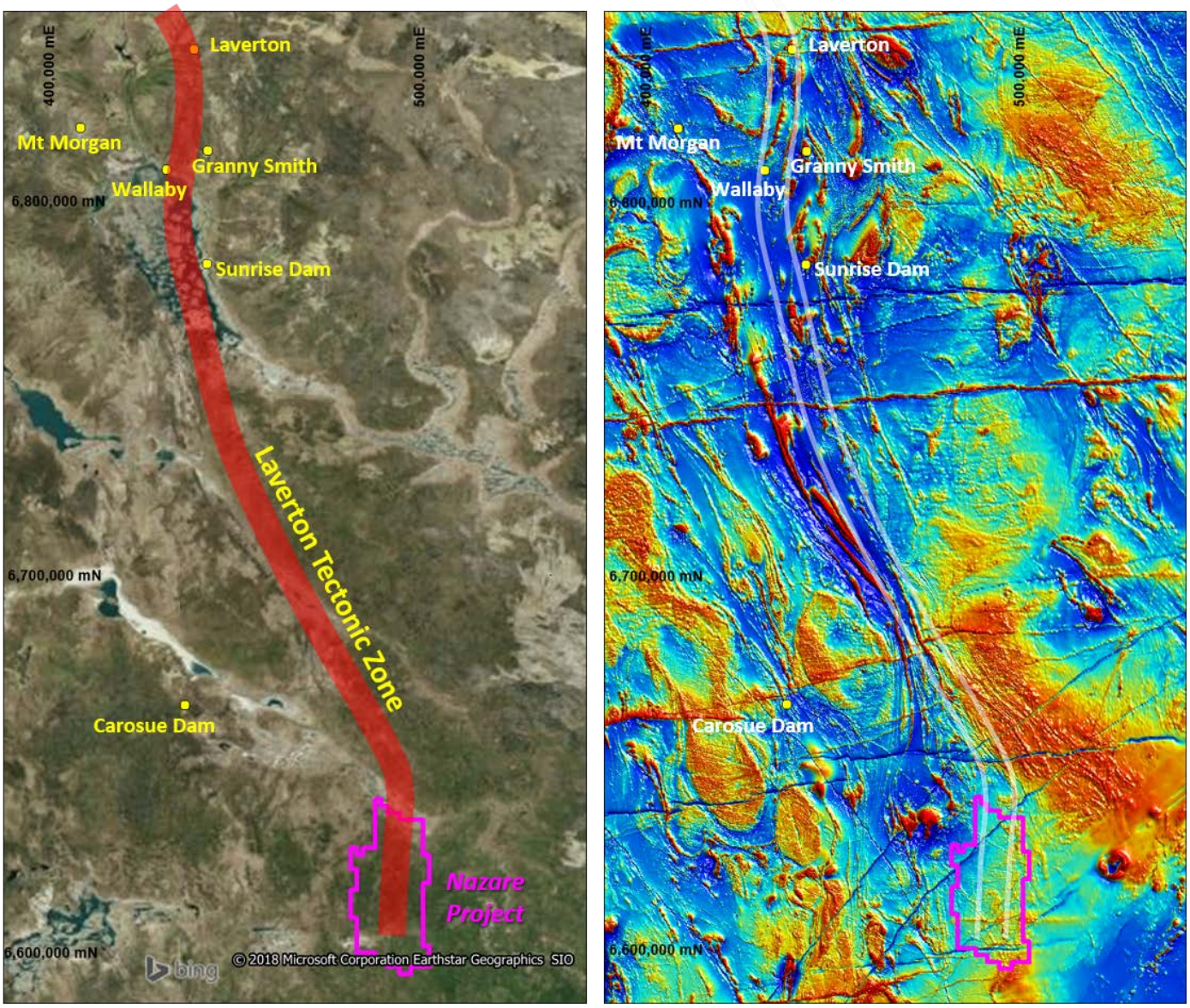

Figure 1 – Nazare regional location plan, regional TMI magnetics and major gold mines

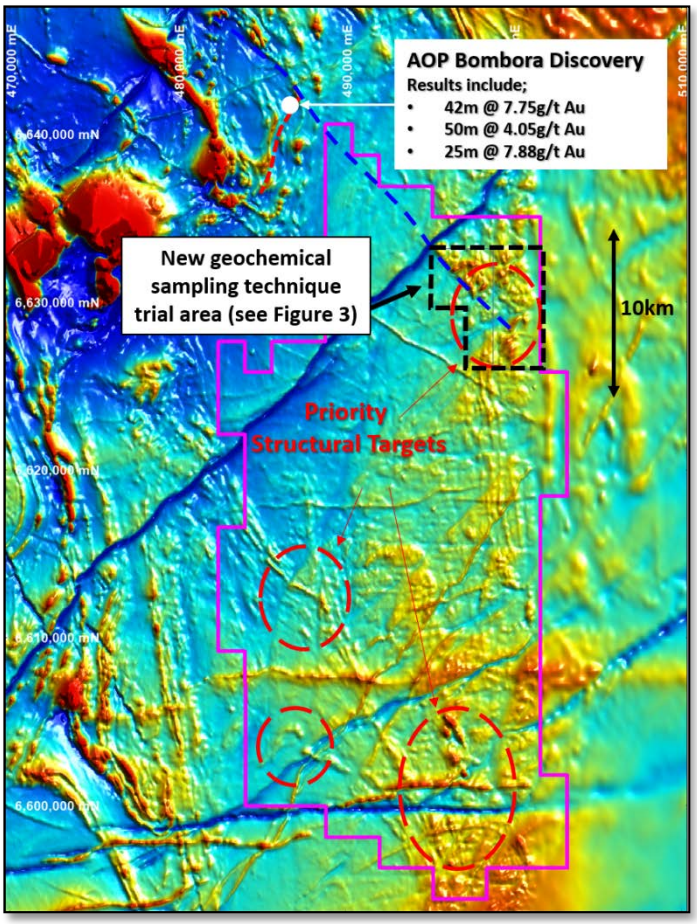

Figure 2 – Nazare target summary over airborne TMI (magnetics) image

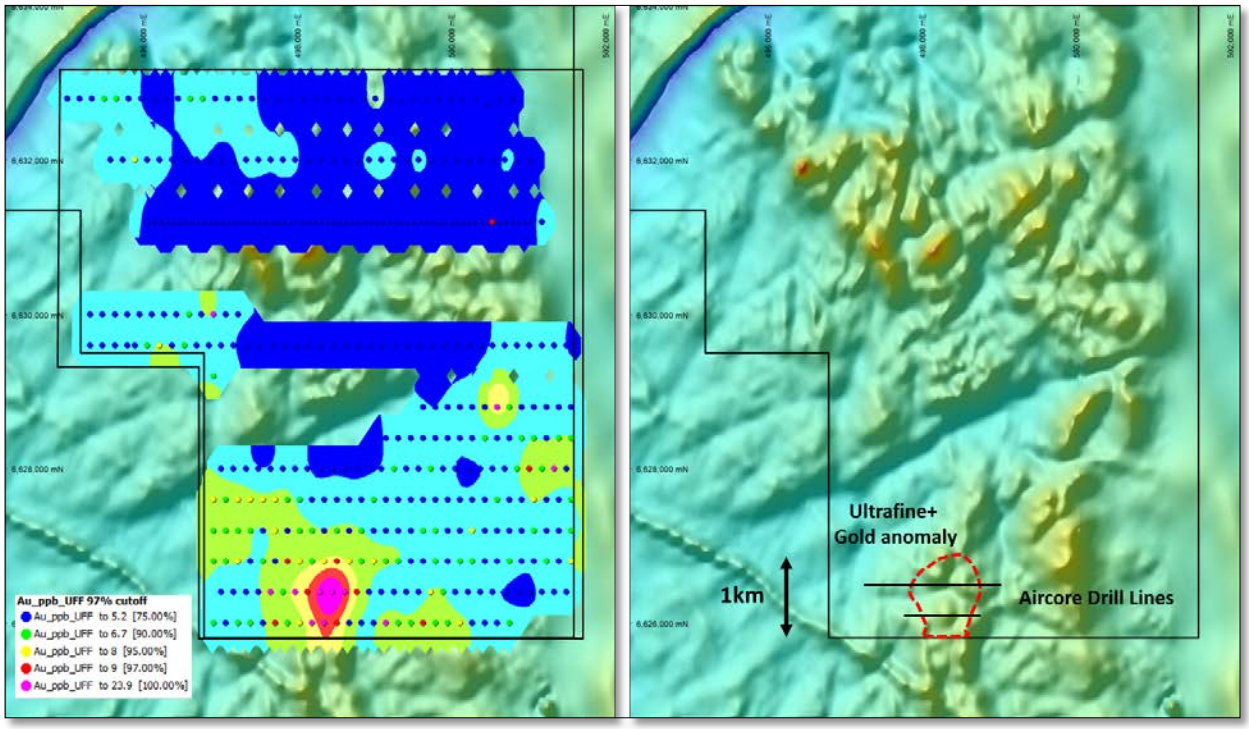

Figure 3 – CSIRO developed geochemical sampling technique trial results at Nazare over airborne TMI (magnetics)

About Encounter

Encounter Resources Limited is one of the most productive project generation and active mineral exploration companies listed on the Australian Securities Exchange. Encounter's primary focus is on discovering major gold deposits in Western Australia's most prospective gold districts: the Tanami, the Paterson Province and the Laverton Tectonic Belt.

The Company is advancing a highly prospective suite of projects in the Tanami and West Arunta regions via five Joint Ventures with Australia's largest gold miner, Newcrest Mining Limited (ASX:NCM).

Encounter also controls an extensive, underexplored project position covering the southern extension of the +40Moz Laverton Tectonic Zone.

Complementing its expansive gold portfolio, Encounter controls a major ground position in the emerging Proterozoic Paterson Province where it is exploring for copper-cobalt deposits with highly successful mining and exploration company Independence Group NL (ASX:IGO).

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The information in this report that relates to Exploration Results is based on information compiled by Mr. Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Bewick holds shares and options in and is a full time employee of Encounter Resources Ltd and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bewick consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Encounter Resources has completed a program of 33 aircore drill holes to average depth of 30m to test an area of gold anomalism defined through surface geochemical sampling and analysis of the ultrafine (-2micron) fraction.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information	Aircore drilling was used to obtain 2-4 kg samples every 1m downhole and composited into 2m samples. The samples from the drilling were sent to Bureau Veritas Minerals Pty Ltd Laboratories in Perth, where they were dried, crushed, pulverised and split to produce a sub – sample for Fire Assay.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Information reported in this announcement refer to samples from aircore drilling. The aircore drilling used either a blade bit or hammer, both 102mm in diameter.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	Aircore sample recoveries were estimated as a percentage and recorded by Encounter field staff
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Driller's used appropriate measures to minimise down-hole and/or cross – hole contamination in aircore drilling.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	To date, no detailed analysis to determine the relationship between sample recovery and/or and grade has been undertaken for this drill program.

Criteria	JORC Code explanation	Commentary
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Geological logging has been completed on all drill holes, with lithology, alteration, mineralisation, structure and veining recorded.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples and core.
	The total length and percentage of the relevant intersections logged	All drill holes have been logged in full
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	N/A – no core drilling was completed in this program
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Aircore samples were collected on the rig from the cyclone. Samples were recorded as being dry, moist or wet by Encounter field staff.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The samples have been sorted, dried and weighed. Primary preparation has been by crushing the whole sample to 3mm. The samples have been split with a riffle splitter to obtain a sub-fraction which has then been pulverised in a vibrating pulveriser.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	No field QA/QC samples were used in this program.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Field duplicates were taken during RC and aircore drilling and were collected on the rig via a cone splitter at a rate of 1:50. The results from these duplicates are assessed on a periodical basis.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered appropriate to give an accurate indication of the mineralisation at Nazare.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Au, Pt and Pd were determined via Fire Assay. The samples have been analysed by Firing a 40 gm (approx) portion of the sample. Lower sample weights may be employed for samples with very high sulphide and metal contents. This is the classical fire assay process and will give total separation of Gold, Platinum and Palladium in the sample. These measurements have been determined using an analytical balance.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	N/A – no geophysical or handheld XRF instruments were used to determine information reported in this announcement.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of in house procedures. Encounter also submitted an independent suite of CRMs, blanks and field duplicates (see above). A formal review of this data is completed on an annual basis.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	No significant intersections reported and therefore this is not applicable.
	The use of twinned holes.	No twinned holes have been drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data is collected for Nazare on toughbook computers using Excel templates and Maxwell Geoservice's LogChief software. Data collected was sent offsite to Encounter's Database (Datashed software), which is backed up daily.
	Discuss any adjustment to assay data.	No adjustments or calibrations are made to any assay data from Nazare.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	The location of drill collars were determined using handheld GPS units. It is estimated that the sample accuracy is in the order of +/-5m
	Specification of the grid system used.	The grid system used is MGA_GDA94, zone 51.
	Quality and adequacy of topographic control.	Estimated RLs were assigned using regional topographic information.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Two, 400m spaced lines of drilling were completed in this program with hole spacing between holes of either 80m or 40m.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Not applicable for the reporting as no significant results were reported.
	Whether sample compositing has been applied.	Aircore drilling samples from Nazare were composited from 1m sample piles into 2m composite samples.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	N/A – this is early stage drilling and the orientation of sampling to the mineralisation is not known.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	This is early stage drilling and the orientation of sampling to the mineralisation is not known.
Sample security	*The measures taken to ensure sample security.*	The chain of custody is managed by Encounter. Samples were delivered by Encounter personnel to the assay laboratory in Kalgoorlie. Tracking protocols have been emplaced to monitor the progress of all samples batches.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Sampling techniques and procedures are regularly reviewed internally, as is data. To date, no external audits have been completed on the Nazare results.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties including joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The Nazare project is located within the E28/2709 which is 100% held by Hamelin Resources Pty Ltd, a 100% owned subsidiary of Encounter. No historical or environmentally sensitive sites have been identified in the area of work.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	No previous exploration has been completed within the area of the aircore drilling program.
Geology	*Deposit type, geological setting and style of mineralisation*	The Nazare project is situated at the southern extension of the Laverton Tectonic zone of Western Australia. The area is being explored for orogenic gold systems.
Drill hole information	*A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:* • *Easting and northing of the drill hole collar* • *Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar* • *Dip and azimuth of the hole* • *Down hole length and interception depth* • *Hole length*	N/A – no results received from this program are considered material
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No results have been reported in this announcement as assays results are not considered significant (less than 20ppb)
	Where aggregated intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents have been reported in this announcement.

Criteria	*JORC Code explanation*	Commentary
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of exploration results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	N/A - No results have been reported in this announcement
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.*	N/A - No results have been reported in this announcement

Balanced Reporting	*Where comprehensive reporting of all Exploration Results is not practical, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	N/A - No results have been reported in this announcement as assays results are not considered significant (less than 20ppb)
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observation; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	The next phase of exploration at Nazare will include soil sampling of defined structural targets to the south of the recently completed aircore drill program.